PLEXUS | Transforming Legal Value

Digital
Transformation

A GENERAL COUNSEL'S GUIDE

Although 86% of General Counsels rate **'investing in technology and automation'** as their top priority, most will never get past the starting line.

The reason? It's not for lack of intent, or need, or interest. Indeed most will stumble right near the finish line. We consistently see GC's who do all the hard work and yet never get live.

All functions have muscles. Things they have been trained to do - through repeated use. The most developed muscles are linear in nature and repeatable. Sales is good at selling, recruitment at hiring, etc.

The biggest challenge functional leaders have is when they are required to rapidly develop 'non-linear' (i.e. cross-functional), less-frequent competencies - that are a new 'core' capability for the function or executive.

Ask a GC how they select and sign up a new law firm to spend $100,000 - the answer is often as simple as a few emails and signed engagement letter. Ask them how they will spend half that amount on technology, and they will scratch their head... even though - because of the 'sunk cost' nature of professional services spend' it is far more likely that it will not generate value.

Here are the top ten traps that consistently cause General Counsels to fail:

01

You let risk aversion get the better of you.

THE TRAP:

When you spend your career protecting the business from risk it is understandably hard to accept risk, particularly in unfamiliar terrain. Many legal functions try to address this through increased 'rigour'. Which translates to: speaking with more vendors, involving more stakeholders and extending the process. Counterintuitively, research by Gartner shows this increases risk of you getting it wrong (i.e. purchase regret).

DO THIS:

Start relatively small and work with a vendor that doesn't 'lock you in'. So if the solution doesn't play out as you hoped you can walk away without losing much. Using the solution in a live fire environment is the only way you will know that it creates value.

DON'T DO THIS:

Turn vendor selection into a D-Day landing. Your probability of getting live drops markedly, and if you do ever get live you will have a high degree of 'purchase regret'.

"Ask a GC how they select and sign up a new law firm to spend $100k. The answer is easy; an email and signed engagement letter.

Ask them how they will spend the same amount procuring technology, and they will scratch their heads **even though the technology purchase is materially lower risk.**"

02

You approach the project like a contract negotiation.

THE TRAP:

The majority of projects that lawyers have worked on in their careers are centred on contracts. The problem with contracts is that once they are signed they are hard to change, and value realisation is typically not the lawyer's problem.

Hence, this bias translates into 'over processing' on 'front-end' requirements (e.g. vendor selection, and negotiation) and 'under-resourcing' the back end (e.g. change management, and user adoption).

DO THIS:

Anchor your efforts on 'time to first value', not risk. Balance requirements, scope, and vendor selection with pragmatism (See our Legal Tech Shopping List for help). Knowing that unlike contracts a good vendor will have a flexible/modular solution that allows you to 'build the ship while sailing'. Research by Gartner shows that more than 70% of IT Project risk sits with end-user adoption - overinvest here.

DON'T DO THIS:

Involve too many stakeholders, get lost in ongoing vendor parades and discussions about requirements and 'analysis paralysis'.

03

You frame the business case around 'what legal needs'.

THE TRAP:

Legal functions are overworked, have to wade through unnecessary admin to get the job done and have few tools to help. Understandably many GCs seek support for adoption of technology by outlining their problems. However, unfortunately, the business doesn't really care. Few CFOs are interested in a conversation about spending more on Legal.

DO THIS:

If you can't fund the project out of your legal budget, ensure you align your business case around questions such as: How will this support a strategic initiative? How will this help the business move faster? How will this reduce existing costs in the business (external spend, removal of other line items, or the requirement for additional headcount)? Or how will this generate ROI for shareholders?

Finally, budget holders are always skeptical of people asking for money, without sacrificing anything in return - demonstrate that you are willing to go without something to get this.

DON'T DO THIS:

Frame the discussion around better management of legal risk, legal being overworked, or having too few resources.

"Many businesses consider Nirvana to be where all systems talk to each other perfectly. However, there is a reason they don't…"
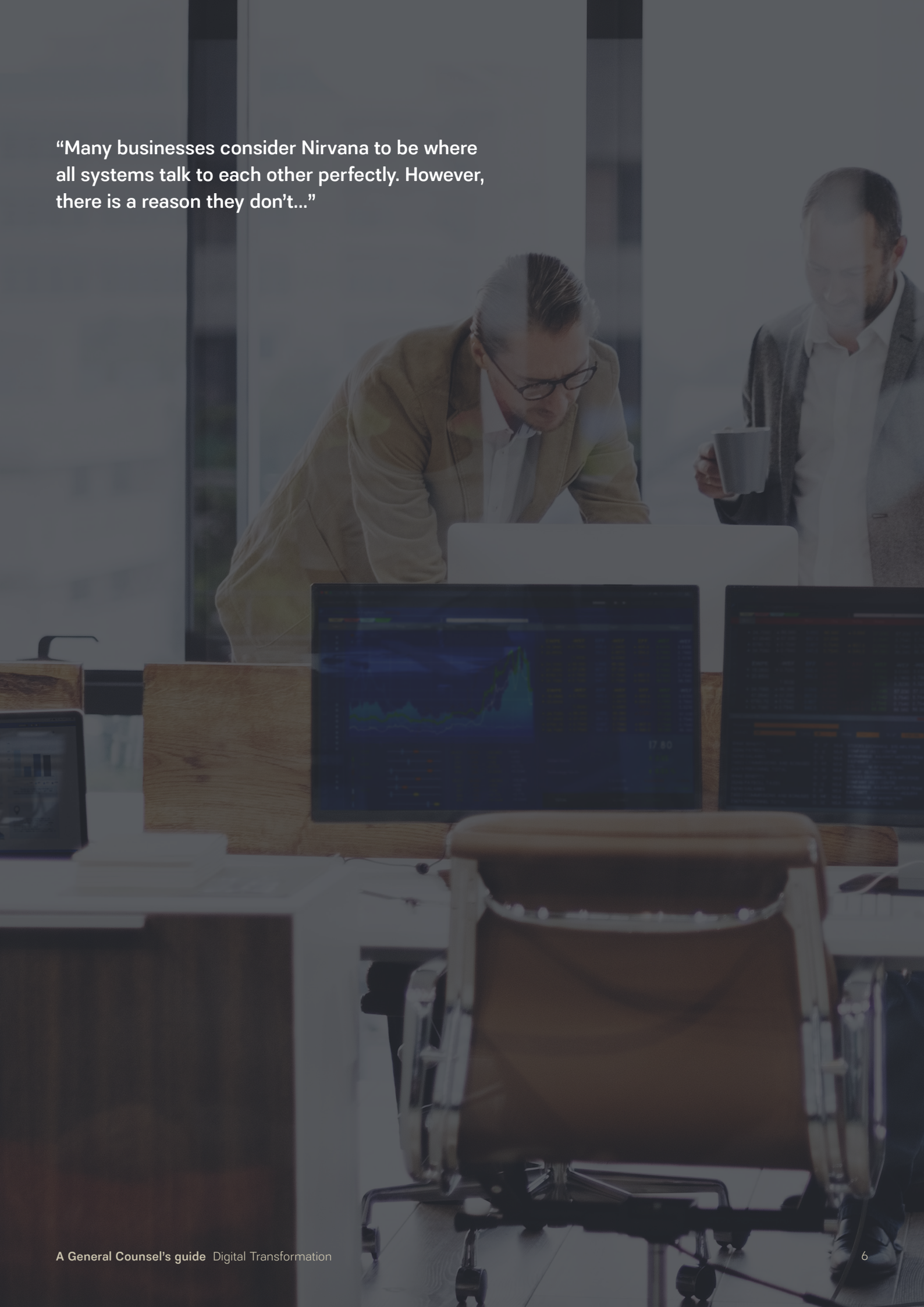
04

You get hung up in 'integrations'

THE TRAP:

Understandably, many businesses consider Nirvana to be where all systems talk to each other perfectly. However, there is a reason they don't. Integrations typically represent incredibly poor ROI. Consider integrating a contract management system with Salesforce.

You do 500 sales contracts a year, and it takes an average of 2 minutes to upload the contract into your CMS (500 contracts x 2 minutes) divided by 60 minutes = 16.6 hours @ $100 an hour = $1,600 per year. If the integration costs $30,000, you will have a payback period of 19 years.

DO THIS:

Focus on getting live, and getting to value. If you decide that an integration will 5x the value of your solution, you can do it later with data to prove the value/investment.

DON'T DO THIS:

Allow other functions to dictate that you have to integrate with their system. They are passing their mess onto you in the hope (because you are inexperienced) you will fall for it. The introduction of your system is not going to make the status quo worse (someone currently enters data into the other system) - so only do it if the number stack up.

05

You get too many people involved.

THE TRAP:

There is a tendency to believe that the more people you get involved the better/lower risk the decision. However, as they say 'committees don't make good decisions'. Our experience is that each additional stakeholder you add into the decision-making process reduces the chances of getting live by 30% and doubles the amount of time it takes.

DO THIS:

If you feel you need to involve more people ask yourself are these people 'providing information' or 'making decisions'. We recommend you set up a very small team (maximum of three) that includes:

– An executive sponsor (normally the GC) - this person is ultimately the decision maker and is accountable for making the project happen.

– A subject matter expert. This person has a detailed understanding of the problem but needs to be clear that their role is to provide information not to drive the decision.

DO THIS:

Frame communication with anyone else around 'we are doing this, what do you think?'.

DON'T DO THIS:

Ask people 'do you think this is a good idea?'. It is unreasonable to expect anyone to answer in the positive if they do not have complete information, so most will default to the lowest risk response (maintaining status quo).

"It's better to solve one smaller problem well than to not solve one big problem at all."

06

You try to go too big too early.

THE TRAP:

It's natural to get excited about a better world - where routine tasks are automated and lawyers spend their time on more challenging work. However, this can lead to a desire to include everything on the 'wish list' without considering the time, energy and budget required to get such a 'big bang' solution live.

DO THIS:

Recognise that 'to run a marathon you must first take a step', and that it is better to solve one smaller problem well than to never getting to the start line on one big problem. Start relatively small and prove the ROI before expanding the project.

DON'T DO THIS:

Be fooled into thinking securing the budget, and rolling out a large IT project will be easy. A better approach is to acknowledge 'to run a marathon you must first take a step'.

07

You delegate responsibility to others.

THE TRAP:

You are very busy, but know getting this project will be a game changer for your team and business. So you kid yourself into thinking that it will be a good development exercise for a member of your team 'who is interested in tech'.

Sadly 99% of the time this fails miserably. The poor lawyer has never managed a project like this before, and even if they have they don't have the political capital to drive change home. After a frustrating 12 months for everyone, the project is dead on arrival.

DO THIS:

If you can't make this a top three priority for a quarter, and allocate a minimum of 10% of your time to driving it forward, don't waste your time.

DON'T DO THIS:

Abdicate responsibility for a project that is likely to define the type of value your function delivers for years to come.

08

You allow other functions to drive the agenda.

THE TRAP:

GCs naturally try to defuse the risk of a mistake by running to other functions - hoping to borrow from their competence. The challenge is that each of these functions come with strong biases to maintain the status quo.

The status quo is low risk for them and requires no additional work from their team. This will, of course, be disguised in the language of that function: Finance will argue budget limitations, procurement will call out lack of resourcing to run a process, IT will have a strong bias to reduce the adoption of new technology they have to support. Although there is some basis for this, none will assist Legal.

Then if the project looks like it will get funded they will come out of the woodwork and try to tac their pet project to it. Finance will try and turn your solution into a budget governance initiative, procurement will want it to be a procure to pay system etc.

DO THIS:

Tell and sell. Tell them you are doing this, and sell them on the positive impact it will have on the business. Confine their role to those activities that are absolutely necessary (e.g. IT's support in undertaking security risk assessment).

DON'T DO THIS:

Ask other functions for permission, abdicate the decision to them or allow them to increase the scope.

"It is a compelling idea that tomorrow will be easier than today."

09

You fall for the 'tomorrow fallacy'.

THE TRAP:

It is a compelling idea. Tomorrow will be easier than today. "If I can just get this one thing off my desk I will have time to improve the function". We joke GCs are often like the book 'Seven Habits of Highly Successful People' - everyone has it on the bookshelf at home, no one has had time to read it.

Sadly, the elasticity of demand for legal services is near infinite - indeed research shows that currently, 67% of legal risks go unmanaged. Hence, it is improbable that life will get easier - unless you change the way you operate.

DO THIS:

Ask yourself the question 'am I less busy than I was a year ago? If the answer is no, then you have to make a change. The only way to do that is to 'ring fence' a minimum of 20% of your time to spend 'working on the machine' not 'in the machine'.

DON'T DO THIS:

Kid yourself that if you push this back to next quarter you will finally get to it.

10

You work with vendors with the wrong orientation.

With limited experience in vendor selection, some GCs try to rely on what is familiar to them - as it feels lower risk. This manifests in a number of limiting outcomes.

COMMON EXAMPLES ARE:

– Hoping your panel law firms will give you the answer (perhaps even for free), although you know these organisations a) often they have less technical competence than your organisation b) they have a bias to direct you towards solutions that increase your dependence on them c) their ownership structure (and focus on PEP) precludes them from investing heavily in technology R&D - hence any solution they have will rapidly become obsolete.

– Believing that 'familiar' solutions such as law firm technology (e.g. matter management or document assembly) or enterprise-wide solutions (e.g. Sharepoint, Arriba, or Service Now).

– Defaulting to traditional methods such as redrafting templates, creating practice notes, or training the business - which has proven to be a 'fools gold' with a very short half-life.

DO THIS:

Benchmark your thinking against the core technology choices of your peer executives within your business. These are always 'best of breed' integrated platforms (Salesforce, Oracle, WorkDay). You will find none of them use generalist solutions and none are provided by professional services suppliers.

Ultimately, developing and implementing a Legal Technology strategy is a **high impact, low frequency** activity.

Hence it is natural that at times you will feel like you are navigating a maze without a map. However, the reason technology is so high on progressive General Counsels' agenda is because they know it is Amazon founder Jeff Bezos calls 'asymmetric returns' - it has contained downside with limitless upside.

In other words, the greatest risk you face is not taking one.

PLEXUS | Transforming Legal Value

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